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December 22, 1976

Honorable Robert L. Oswald
Secretary
Interstate Commerce Commission
12th St. & Constitution Ave., N.W.
Washington, D.C. 20423

RECORDATION NO. 8026 Filed & Recorded

DEC 22 1976 - 8 22 PM

DEC 22 1976

CC Washington, D.C.

Dear Secretary Oswald:

Please accept for recordation pursuant to §20c of the Interstate Commerce Act, 49 U.S.C. §20c, the following Bailment Agreement, entitled "Management Contract" between Arthur R. Dubs, as owner of the subject railroad cars, and Professional Lease Management, Inc., as leasing agent.

BAILOR: ARTHUR R. DUBS
2249 Dellwood
Medford, Oregon

BAILEE: PROFESSIONAL LEASE MANAGEMENT, INC.
One Embarcadero Center
Suite 2202
San Francisco, California 94111

DESCRIPTION: 89 new 100-ton covered hopper cars,
bearing A.A.R. designations PLMX
1001 to 10089, inclusive.

Thank you for your assistance.

Very truly yours,

Jacob P. Billig

Enclosure

JPB/jg

DEC 22 3 22 PM '76

I.C.C.
FILE OPERATION SR.

Counterpart of JPB/Billy

Interstate Commerce Commission

Washington, D.C. 20423

12/22/76

OFFICE OF THE SECRETARY


Jacob P. Billig
Billig, Sher & Jones, PC.
Suite 300
2033 K Street, N.W.
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on 12/22/76 at 3:30pm
and assigned recordation number(s) 8626

8626-A
8626-B
8626-C

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

BAILMENT AGREEMENT

RECORDATION NO. 8626 Filed & Recorded

MANAGEMENT CONTRACT

DEC 22 1976 8 20 PM

PROFESSIONAL LEASE MANAGEMENT, INC. ~~INTERSTATE COMMERCE COMMISSION~~

THIS AGREEMENT made as of December 22, 1976, by and between PROFESSIONAL LEASE MANAGEMENT, INC., a California corporation (hereinafter called "PLM"), and ARTHUR DUBS (hereinafter called the "Owner").

RECITALS

Owner has purchased the covered hopper cars set forth in the attached Exhibit 1, which is incorporated herein by reference (such car or cars hereinafter referred to as the "Cars"). PLM in part engages in the business of managing railcars for railcar owners; Owner desires to retain PLM as its agent to manage the Cars on Owner's behalf upon the terms and conditions set forth herein.

ACCORDINGLY, IT IS AGREED AS FOLLOWS:

1. Engagement of PLM as Agent.

Owner hereby engages PLM as its agent to manage the Cars upon the terms and conditions set forth herein, and PLM accepts such engagement and agrees to perform in accordance with the terms and conditions hereof.

2. Term.

The term of this Agreement and the agency created hereby shall commence as of December 22, 1976, and shall

continue thereafter for a period of five years and six months.

3. Duties of PLM.

In consideration of the compensation agreed to be paid to PLM by Owner pursuant to Paragraph 4 hereof, and subject to the agreement of Owner to reimburse PLM pursuant to Paragraph 5 hereof for certain expenses for which Owner remains solely and directly responsible, PLM agrees that it will provide and perform, at its own expense, the services and duties on behalf of Owner set forth below during the term of this Agreement; provided, however, that it shall not be in breach of the provisions hereof if such services and duties shall have been performed in a non-negligent manner using its best efforts and in the good faith belief that they are being provided in a manner consistent with Owner's best interest:

(a) Immediately upon execution or as soon thereafter as reasonably practicable, take possession of the Cars as agent for Owner for the purpose of managing and operating the Cars, as herein provided.

(b) Use its best efforts to keep such Cars under lease for the term of this Agreement, entering into, as agent for Owner, lease agreements providing for the lease of the Cars to shippers, railroads or other financially responsible parties for that purpose on terms and conditions

which are customary in the industry (provided, however, that PLM shall use its best efforts to ensure that each Car is used and located more than one half of the time during each calendar year within the continental United States) and taking such steps as may be required to ensure that all obligations and duties arising under such leases, whether of lessor or lessees, are performed or complied with in an orderly and timely fashion.

(c) Use its best efforts to insure that all steps are taken which may be necessary to have the Cars registered and accepted by all hauling carriers under the Association of American Railroads ("AAR") Release OT-5-D as required by the terms of any lease or otherwise.

(d) Collect all rental payments and mileage allowances due with respect to the Cars, identifying itself as agent for that purpose, and account for and remit all sums due to Owner as hereinafter provided.

(e) Terminate leases and recover possession of Cars and enforce all rights of the Owner with respect thereto, including the payment of all amounts owed under the lease or otherwise with respect to the Cars as shall be appropriate or necessary in the judgment of PLM exercised in good faith; and institute and prosecute legal proceedings in the name of Owner as is permitted by applicable laws in

order to terminate such leases and/or recover possession of the Cars; and, when expedient, settle, compromise and/or release such actions or suits or reinstate such leases.

(f) Subject to the provisions of Paragraph 5 providing for reimbursement of PLM by Owner of certain expenses which remain the sole obligation and responsibility of Owner, maintain the Cars in good condition, which shall be equal to or greater than the higher of (i) any standard required or set for the Cars or cars of a similar class by the AAR, (ii) any standard set by a lessee, whether by terms of a lease or by other understanding or agreement between lessee and PLM, as agent for Owner, or (iii) any standard set by any insurance policy under which the Cars or any of them shall from time to time be insured, making all such repairs, as may be required for that purpose, and arrange for all alterations, additions or improvements to the Cars to comply with applicable laws, or regulations.

(g) Employ and discharge such employees as PLM may deem advisable or necessary in connection with the operation and maintenance of the Cars.

(h) Subject to the provisions of Paragraph 5 providing for reimbursement of PLM by Owner of certain expenses which remain the sole obligation and responsibility of Owner, purchase in Owner's name insurance, including,

without limitation, insurance against (i) personal liability, including property damage and personal injury, (ii) loss of or damage to the Cars, and (iii) loss of revenues with respect to the Cars as shall be reasonably available to protect the interest of Owner in the Cars (provided, however, that such insurance shall in no event be less favorable than that customarily maintained in the industry by owners similarly situated), and cause PLM, in its capacity as agent for Owner, to be named in each such policy of insurance as a co-insured or additional insured.

(i) Subject to the provisions of Paragraph 5 providing for reimbursement of PLM by Owner of certain expenses which remain the sole obligation and responsibility of Owner, pay in Owner's name all personal property taxes and other taxes, charges, assessments, or levies imposed upon or against the Cars of whatever kind or nature and, in PLM's discretion, defend against any such charges and to seek revision or appeal from any assessment or charge deemed improper, all such actions to be in the name of Owner.

(j) Monitor and record movement of the Cars.

(k) Maintain complete and accurate records of all transactions relating to the Cars and make such records available for inspection by the Owner or any of his representatives during reasonable business hours.

(l) Paint the Cars such colors and with such designs as Owner may from time to time approve and place reporting marks or such other marks, legends, or placards on the Cars as shall be appropriate or necessary to comply with any regulation imposed by the AAR.

(m) Prepare and provide to Owner quarterly and annual reports of income, expenses, depreciation and such other information in connection with the Cars as Owner may from time to time reasonably request.

(n) Provide Owner with advice and recommendations concerning the sale of the Cars, proper accounting for tax purposes of various items and such other information in connection with the Cars as Owner may reasonably request.

(o) Perform for Owner such other services incidental to the foregoing as may from time to time be reasonably necessary in connection with the leasing and operations of the Cars.

4. Compensation to PLM.

As total compensation to PLM for the performance of those duties set forth in Paragraph 3, Owner shall pay

to PLM the following amounts, which amounts shall be payable by check on or before the last day of each calendar quarter for which they are due:

(a) Base Compensation to PLM - Owner shall pay to PLM a management fee equal to \$10,250.00 for each calendar quarter during the term of this Agreement. For any partial calendar quarter during the term of this Agreement, the fee shall be prorated on a daily basis.

(b) Additional Compensation to PLM - If the gross operating revenue generated by the Cars exceeds \$297.00 per month per Car for any month, Owner shall pay to PLM for each calendar quarter during the term of this Agreement, an additional management fee equal to 15-1/2 percent of such gross operating revenues per car in excess of \$297.00 per month.

5. Reimbursement to PLM for Certain Expenses.

With respect to the items set out in this Paragraph 5, the Owner shall pay them directly or instruct PLM to pay on his behalf. Owner shall reimburse PLM for such of the following payments as PLM shall have made on behalf of Owner from time to time, it being understood that, any other provision of this Agreement to the contrary notwithstanding, such payments are not covered by the compensation provided for in Paragraphs 4(a) and 4(b), but are and remain the sole obligation and direct responsibility of Owner:

(i) personal property taxes and other taxes, charges, assessments or levies imposed upon or against the Cars of whatever kind or nature,

(ii) the entire amount of any premium for insurance to be maintained pursuant to Paragraph 3(h),

(iii) amounts expended by PLM in providing maintenance for the Cars as required by Paragraph 3(f) not to exceed \$5,000 for all cars in any calendar year or a prorata portion thereof for any period less than a full calendar year, it being understood that expenditures in excess of that amount shall be and remain the sole obligation and responsibility of PLM,

(iv) amounts, if any, expended by PLM to repair damages to a car (other than amounts expended for ordinary maintenance) or to make alterations, additions or improvements to any Car required to comply with applicable laws or regulations. If such repairs or alteration, additions or improvements will exceed \$10,000 in the aggregate for one or more of the Cars (exclusive of ordinary maintenance), PLM may notify the Owner in advance of incurring such costs and the approximate amount thereof, and Owner shall promptly deliver to PLM such approximate amount. Upon completion, PLM shall notify the Owner of the exact amount of such costs, and in the event that Owner has already paid more than such exact cost, PLM shall refund the

difference to Owner. In the event that the amount already paid by Owner is less than the exact amount of such costs, Owner shall promptly pay PLM the amount of such difference,

(v) amounts, if any, expended or incurred by PLM under Paragraph 3 hereof to the extent such amounts do not constitute ordinary and necessary business expenses of leasing, operating and maintaining the Cars.

6. Distribution of Earnings to Owner.

Within 45 days after the end of each calendar quarter, PLM shall pay to Owner the Net Earnings attributable to the operation of the Cars during such quarter. For the purposes of the previous sentence, the term "Net Earnings" shall mean the gross revenues (unreduced by expenses or costs) derived from the ownership, use or operation of the Cars less the sum of (i) all compensation due and payable to PLM under Paragraph 4 not theretofore paid directly by Owner and (ii) all reimbursements due to PLM and not theretofore made by Owner pursuant to Paragraph 5. Items of revenue or expense attributable to a quarter which are received or paid after the date of payment for such quarter shall be included in subsequent quarterly distributions but shall be accounted for and allocated to the quarter in which they were earned or incurred.

7. Indemnification of PLM.

(a) Reimbursement for Operating Deficits -

Within 10 days after receipt of notice and demand from PLM, Owner shall pay to PLM any amount by which Net Earnings for a calendar quarter shall be less than zero.

(b) Indemnification - Owner shall indemnify and hold PLM harmless from and against all damage, expense, loss or liability arising from any claim or action asserted against PLM by any lessee or any third party arising from the use, operation, possession, control, maintenance, repair or storage of the Cars, including, without limitation, attorneys' fees, claims for injury or death or loss of or damage to property (including the Cars) and economic loss due to the unavailability of the Cars; provided, however, that Owner shall be responsible under this paragraph (b) only to the extent that (i) PLM has not acted in a willful, reckless or negligent manner in the performance of any of its duties with respect to the Cars giving rise to the claim (including obtaining proper insurance coverage, etc.), (ii) such claim or action does not arise from economic loss suffered or claims to be suffered as a result of PLM's failure or inability to schedule the Cars or arrange for their delivery in accordance with the terms of any lease or similar agreement (unless PLM shall establish that such failure or

inability arose without negligence on its part), and (iii) PLM shall have given timely notice to Owner and tendered to it control of the defense of such claim or action.

8. Right of First Refusal; Exclusive Sales Agency.

(a) During the term of this Agreement and for a period of five months thereafter, if Owner shall have received from a third party ("Offeror") a bona fide offer (the "Offer") for the purchase of any or all of the Cars, if Owner desires to accept the Offer, he shall first obtain a copy of the Offer in writing signed by the Offeror and forward a true copy thereof to PLM. PLM shall thereupon have the first option for a period not to exceed 30 days after receipt of a copy of the Offer from Owner, to enter into a binding unconditional agreement to purchase those Cars covered by such Offer on the same terms and conditions contained in the Offer; provided that such agreement shall require the closing of the transaction within 90 days after the date upon which Offer was received from Owner.

(b) During the term of this Agreement and for a period of five months thereafter, PLM shall have the exclusive right to sell the Cars. Unless PLM is the Purchaser under subparagraph (a) above (in which case no commission shall be due), Owner shall pay to PLM upon the sale

of any of the Cars a sales commission equal to 3 percent of the gross sales price therefor. Any provision of this Agreement to the contrary notwithstanding, (i) Owner shall at no time have an obligation to sell any Car or Cars, and (ii) no commission shall be payable by Owner to PLM except upon the actual consummation of a sale of a Car or Cars and then only to the extent of 25 percent of the cash actually received by Owner from such sale; provided, however, that Owner shall pay in full the balance of such commission remaining unpaid within 90 days after the fourth anniversary of the actual consummation of such sale.

9. Execution of Owner's Investment Agreement.

The effectiveness of this Agreement is expressly conditioned upon the completion and execution of the Investment Agreement, a copy of which is attached hereto as Exhibit 2.

10. Notice.

Any notice required or permitted hereunder shall be in writing and shall be valid and sufficient if delivered personally or dispatched in any post office of the United States by registered or certified mail postage prepaid addressed to the other party as follows:

If to PLM:

Professional Lease Management, Inc.
One Embarcadero Center
Suite 2202
San Francisco, California 94111

Attention: Mr. William F. Bryant

If to Owner:

Mr. Arthur Dubs
Post Office Box 1727
1133 South Riverside, #1.
Medford, Oregon 97501

and any party may change his address by notice given to the other party in the manner set forth above.

11. Miscellaneous.

(a) Governing Law - This Agreement shall be governed by and construed under the laws of the State of California.

(b) Counterparts - This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(c) Headings - Titles and headings of the paragraphs and subparagraphs of this Agreement are for the convenience of reference only and do not form a part of this Agreement and shall not in any way affect the interpretation hereof.

(d) Amendment - No explanation or information by either of the parties hereto shall alter or affect

the meaning of interpretation of this Agreement, and no modification or amendment to this Agreement shall be valid unless in writing and executed by both parties hereto.

(e) Non-Assignability - This Agreement shall inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns; provided, however, that neither this Agreement nor any right herein may be assigned, whether by operation of law or otherwise, except that (i) PLM may assign the performance of the duties under this Agreement to any wholly-owned subsidiary which shall expressly agree to be bound by all of PLM's obligations contained herein, but that PLM shall not be relieved of ultimate responsibility for the performance of this Agreement and each of its terms, and (ii) Owner may assign or convey all or any portion of its interest in and to this Agreement, any lease covering the Cars, or in the Cars themselves to any financial institution for the purpose of collateralizing any loan to Owner.

(f) Force Majeure - Neither party hereto shall be deemed to be in breach or in violation of this Agreement if either is prevented from performing any of its obligations hereunder for any reason beyond its reasonable control including and without limitation acts of God, riots, strikes, fires, storms, public disturbances,

or any regulation of any Federal, state or local government or any agency thereof.

(g) Other Customers of PLM - It is expressly understood and agreed that nothing herein contained shall be construed to prevent or prohibit PLM from providing the same or similar services to any person or organization not a party to this Agreement; provided, however, that in the event PLM owns, or manages for any other party (whether or not an affiliate of PLM), railroad cars which are similar to the Cars, and the total of such cars (including the Cars) available for lease exceeds the demand for such cars, the Cars shall be treated no less favorably than any other car PLM owns or manages; Owner recognizes and acknowledges that it is PLM's intention to give priority to those cars which have been off-lease and available for the longest period of time.

(h) Waiver - The waiver of any breach of any term or condition hereof shall not be deemed a waiver of any other or subsequent breach, whether of like or different nature.

(i) Severability - If any term of provision of this Agreement or the performance thereof shall to any extent be invalid or unenforceable, such invalidity or

unenforceability shall not affect or render invalid or unenforceable any other provision of this Agreement, and this Agreement shall be valid and enforced to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date hereinabove set forth.

PROFESSIONAL LEASE MANAGEMENT,
INC.
("PLM")

By _____
Mark C. Hungerford,
President

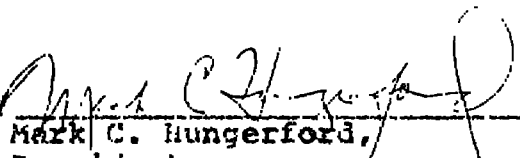
ARTHUR DUBS
("Owner")

Arthur Dubs

unenforceability shall not affect or render invalid or unenforceable any other provision of this Agreement, and this Agreement shall be valid and enforced to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date hereinabove set forth.

PROFESSIONAL LEASE MANAGEMENT,
INC.
("PLM")


By 
Mark C. Hungerford,
President

ARTHUR DUBS
("Owner")

INDIVIDUAL ACKNOWLEDGMENT

STATE OF OREGON)
 : ss.:
COUNTY OF JACKSON

On this 20th day of December, 1976, before me personally appeared ARTHUR R. DUBS, to be known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.



Notary Public
State of Oregon

[SEAL]

My commission expires November 9, 1980

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

OFFICIAL SEAL
JUAN A. ROSS
NOTARY PUBLIC - CALIFORNIA
SAN FRANCISCO COUNTY
My Comm. Expires Aug 25, 1977

555 California St., 34th Fl., San Francisco, CA. 94104

Jean A Ross
Notary Public

My Commission Expires

CERTIFICATE OF NOTARY PUBLIC

Washington, D. C.

I, Donna W. Ours, a duly appointed Notary Public of the District of Columbia, hereby certify that I have compared the attached copy of a management contract between Arthur R. Dubs and Professional Lease Management, Inc., with the original document and I have determined that it is a true and correct copy in all respects.

Dated: Dec 21, 1976

Donna W. Ours
NOTARY PUBLIC

My commission expires _____

My Comm. Exp. Date: 12/31/77